



Senate

General Assembly

File No. 801

January Session, 2001

Substitute Senate Bill No. 312

Senate, May 22, 2001

The Committee on Human Services reported through SEN. HANDLEY of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING NURSING HOME CLOSURES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. The Department of Social Services, in collaboration with
2 the Department of Public Health and the Department of Mental Health
3 and Addiction Services, shall study options for developing a program
4 pursuant to which nursing homes that are to be closed due to financial
5 difficulties may be evaluated for use by the Department of Social
6 Services as intermediate care facilities for persons with subacute
7 psychiatric disabilities. Not later than February 1, 2002, the
8 Commissioner of Social Services shall submit a report containing the
9 department's findings and recommendations to the select committee of
10 the General Assembly having cognizance of matters relating to public
11 health, in accordance with the provisions of section 11-4a of the
12 general statutes.

13 Sec. 2. Subsection (b) of section 17b-352 of the general statutes is
14 repealed and the following is substituted in lieu thereof:

15 (b) Any facility which intends to (1) transfer all or part of its
16 ownership or control prior to being initially licensed; (2) introduce any
17 additional function or service into its program of care or expand an
18 existing function or service; or (3) terminate a service or decrease
19 substantially its total bed capacity, shall submit a complete request for
20 permission to implement such transfer, addition, expansion, increase,
21 termination or decrease with such information as the department
22 requires to the Department of Social Services. In the event that a
23 nursing home facility ceases to operate, two-thirds of the total number
24 of titles to such facility's certificate of need shall revert to the
25 Department of Social Services.

HS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Departments of Social Services, Public Health, Mental Health and Addiction Services

Municipal Impact: None

Explanation**State Impact:**

This bill requires the Department of Social Services (DSS), in collaboration with the Departments of Public Health and Mental Health and Addiction Services, to study using closed nursing home facilities as intermediate care facilities for people with subacute psychiatric disabilities. DSS must submit a report of its findings and recommendation to the General Assembly by February 1, 2002. It is anticipated that the departments can fulfill the requirements of this bill within their anticipated budgetary resources.

This bill further stipulates that when a nursing home ceases to operate, two-thirds of the certificates of need (CON's) for beds must revert back to DSS. There are several potential impacts from this provision:

- As DSS currently allocates CON's, it is unclear whether CON's reverting back to DSS upon a home's closure

permanently takes them out of the nursing home system. DSS may be able to reissue these certificates to existing or new nursing homes in the state. Should this be the case, this provision is not expected to significantly alter the current nursing home funding environment.

- If this provision permanently removes the CON's from the overall system, the state may incur significant increased costs due to several factors. There are approximately 32,000 nursing home beds currently in the state, and the current supply of beds is in balance with the demand for services. As there is a moratorium on the issuance of new CON's in effect, over time, application of this provision would effectively lower the number of beds available (unless the moratorium is lifted). Should the number of available beds fall below the demand for beds, patients may be required to stay in more expensive hospital inpatient settings for extended periods of time. This may result in significant increased costs for the state's Medicaid program.

Additionally, when nursing homes close, the owners are currently able to sell a portion of their CON's to other operators. This often results in converting the CON's from financially distressed facilities to more financially stable facilities. Should an owner be unable to sell the CON's (as they would revert to DSS), there may be less of an incentive to close financially distressed facilities. DSS can be expected to incur significantly increased costs due to higher interim rates paid to these distressed facilities in order to maintain basic operations.

OLR Bill Analysis

sSB 312

AN ACT CONCERNING NURSING HOME CLOSURES.**SUMMARY:**

This bill specifies that when a nursing home facility stops operating, two-thirds of the total of titles to the facility's certificate of need (CON) revert to the Department of Social Services (DSS). Presumably, this means two-thirds of the beds allowed under the nursing home's CON. By law, nursing homes must apply to DSS for a certificate of need before adding, expanding, terminating, or reducing functions or services.

The bill also requires DSS, in collaboration with the departments of public health and mental health and addiction services, to study options for developing a program under which nursing homes closing for financial reasons are evaluated for use by DSS as intermediate care facilities for those with subacute psychiatric disabilities. DSS must submit a report with its findings and recommendations to the Public Health Committee by February 1, 2002. (The bill refers to the "select" rather than the "joint standing" committee on public health.)

EFFECTIVE DATE: October 1, 2001

BACKGROUND***Legislative History***

The Senate referred the bill (File 390) to the Human Services Committee on May 2. That committee favorably reported a substitute bill on May 9, adding the provision on beds reverting to DSS when the facility ceases to operate.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute

Yea 25 Nay 0

Human Services Committee

Joint Favorable Substitute

Yea 11 Nay 5